

DEPARTMENT OF STATE REVENUE

Information Bulletin #59
Income Tax
August 2014
(Replaces Information Bulletin #59, Dated December 2006)
Effective Dates: Upon Publication; January 1, 2015

SUBJECT: Summary of Tax Credits Available to Taxpayers Who File Income Tax Returns

REFERENCES: [IC 6-2.5-3-5](#); [IC 6-3-3](#); [IC 6-3-4-8](#); [IC 6-3.1](#); [IC 6-5.5-2](#)

DISCLAIMER: Information bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is inconsistent with the law, regulations, or court decisions is not binding on either the department or the taxpayer. Therefore, information provided in this bulletin should serve only as a foundation for further investigation and study of the current law and procedures related to its subject matter.

SUMMARY OF CHANGES

Adds description of credits that have been enacted since 2006 and eliminates credits that have expired or been repealed.

INTRODUCTION

Numerous Indiana tax credits are available for individual, fiduciary, partnership, and corporate taxpayers. This bulletin classifies all the various credits into a combined summary. It includes the credits that may be claimed when the annual income tax return or other applicable tax form is filed. In the case of partnerships, limited liability partnerships, S corporations, and limited liability companies, some credits are allocated to pass through to the partners, shareholders, or members of the entity.

You can obtain detailed information on selected credits by searching on the department's webpage at <http://www.in.gov/dor/3650.htm>.

I. TYPES OF CREDITS

Credits are divided into two types:

- Nonrefundable credits that may be applied against certain tax liabilities.
- Refundable credits, which are available for a refund once all tax liabilities are offset.

Type 1 - Nonrefundable Credits and Carryovers

Some of the nonrefundable credits may be used only to reduce specific current-year tax liabilities. The unused portion of the credit cannot be refunded or applied against other outstanding tax liabilities. However, other nonrefundable credits have provisions stipulating that if the credit exceeds the total of the current amount of tax due, the unused portion may be carried forward to the taxpayer's future tax liabilities for the same tax type.

Type 2 - Refundable Credits

Refundable credits have a limited period of time in which they may be claimed to be eligible for refund. Also, at the taxpayer's election, all or a portion of a current year's eligible refund can carry over toward the next year's income tax liability. However, the department may reduce or apply an eligible refund toward the taxpayer's other unpaid tax liabilities according to [IC 6-8.1-9-2](#) and for a debtor's offset of refunds under [IC 6-8.1-9.5](#).

II. CREDITS AVAILABLE TO TAXPAYERS

The following chart titled Tax Liability Credits on page 4 lists all of the available nonrefundable and refundable credits. Each credit is classified into one of the following five categories.

Type 1 Credits

- 1-A. Nonrefundable credits for certain charitable contributions made within Indiana
- 1-B. Nonrefundable credits for qualified investments made within Indiana
- 1-C. Nonrefundable credits for income and business activities of Indiana taxpayers

Type 2 Credits

- 2-D. Refundable credits for personal and business activities of Indiana taxpayers

2-E. Refundable credits for estimated and withholding taxes paid to Indiana

Each credit has been assigned a three-digit code or label identifier to be used when claiming credits on the Indiana tax return. The chart includes these codes and a listing of required enclosures for claiming the credit on a tax return.

For filing requirements, eligibility, amount of credit, effective dates, carryback/carryforward application, and other detailed information, see the specific income tax information bulletin issued by the Department of Revenue or contact the agency administering the tax credit for instructions. Claims for credits should be supported by filing all applicable schedules and forms or by a separate calculation and certification from the appropriate agency of the amounts eligible for credit.

Restrictions and Limitations

The credits are to be applied against the claimant's tax due in the following order:

- Credits classified as nonrefundable credits are to be applied first.
- Those credits with carryover allowances are to be applied second.
- Refundable credits are to be applied last.

The type of tax to which the credit may be applied is also listed. If the credit can be applied against more than one tax type, the additional tax types are listed in the order to be applied.

Additional Restriction

A taxpayer, pass-through entity, shareholder, partner, or member of a pass-through entity cannot be granted more than one tax credit for the same project. This restriction applies to the following credits:

- Community Revitalization Enhancement District Tax Credit (808)
- Enterprise Zone Investment Credit (813)
- Hoosier Alternative Fuel Vehicle Manufacturer Tax Credit (845)
- Hoosier Business Investment Tax Credit (820)
- Industrial Recovery Tax Credit (824)
- Venture Capital Investment Tax Credit (835)

Amount of Credit Available

The amount of credit available to be granted may be limited by the statute creating the credit. The following describes those limitations:

- **Unlimited** - There is no limit other than the provisions governing the calculation of an allowable credit up to the amount of tax available to be offset.
- **Limited** - The sum of all approved credits is limited to either the annual amount of the grant money available or the total of all credits that are allowed by the tax credit program.

Key for Tax Types

Identifier	Tax Type	Indiana Code
AGIT	Adjusted Gross Income Tax *	IC 6-3-1 through 6-3-7
CAGIT	County Adjusted Gross Income Tax	IC 6-3.5-1.1
CEDIT	County Economic Development Income Tax	IC 6-3.5-7
COIT	County Option Income Tax	IC 6-3.5-6
FIT	Financial Institutions Tax*	IC 6-5.5
INSUR	Insurance Premium Tax *	IC 27-1-18-2
SALES	State Gross Retail and Use Tax - Sales tax due on nonexempt purchases	IC 6-2.5
URT	Utility Receipts Tax *	IC 6-2.3
USUT	Utility Services Use Tax	IC 6-2.3-5.5

Note: Insurance premium tax, inheritance tax, and property tax are not listed taxes under [IC 6-8.1-1-1](#).

* May include other Indiana state taxes and fees collected on the annual return.

Tax Liability Credits Chart**Nonrefundable Credits**

Type 1-A **Credit for certain charitable contributions within Indiana**

Identifier	Tax Liability Credits	Tax Offset	Required Enclosure
Unlimited (No dollar limit to the total amount of credits granted.)			
New 859	Adoption Credit	AGIT	Effective Jan. 1, 2015
CC 807	Charitable Contributions to Higher Education Institutions (College Credit)	AGIT	Schedule CC-40
834	Twenty-First Century Scholars Program Support Fund	AGIT	Schedule TCSP-40
Limited (Approved credits are limited to the amount of grant money available.)			
823	Individual Development Account Credit	AGIT, FIT	Approved Form IDA-20; IN K-1 pass-through
828	Neighborhood Assistance Credit	AGIT, FIT	Approved Form NC-20; IN K-1 pass-through
849	School Scholarship Tax Credit	AGIT, INSUR, FIT	Schedule IN-OCC
Type 1-B Credit for qualified investments (expenditures) made within Indiana			
Identifier	Tax Liability Credits	Tax Offset	Required Enclosure
Unlimited (No dollar limit to the total amount of credits granted.)			
806	Coal Gasification Technology Investment Credit	AGIT, FIT, INSUR, URT	Certification by IURC; IN K-1 pass-through
808*	Community Revitalization Enhancement District Credit (CRED credit)	AGIT, CAGIT, COIT, CEDIT, INSUR, FIT	Certification by IEDC; IN K-1 pass-through
812	Enterprise Zone Employment Expense Credit	AGIT, INSUR, FIT	Schedule EZ 1, 2, 3; IN K-1 pass-through
813*	Enterprise Zone Investment Cost Credit (for individuals and LLCs)	AGIT	Certification by IEDC; IN K-1 pass-through
818	Headquarters Relocation Credit (availability beginning in 2006)	AGIT, FIT, INSUR	Proof of investment; IN K-1 pass-through
820*	Hoosier Business Investment Credit	AGIT, INSUR, FIT	Certification by IEDC and proof of investment; IN K-1 pass-through; Schedule IN-OCC
822	Indiana Research Expense Credit	AGIT	Schedule IT-20REC; IN K-1 pass-through
824*	Industrial Recovery Credit	AGIT, INSUR, FIT	Certification by IEDC and credit assignment
Limited (Approved credits are limited to the amount of grant money available.)			

819	Historic Building Rehabilitation Credit	AGIT	Certification by Office of Community and Rural Affairs; IN K-1 pass-through
835*	Venture Capital Investment Credit	SALES, AGIT, INSUR, FIT	Certification by IEDC, credit assignment, and proof of investment; IN K-1 pass-through
845	Alternative Fuel Vehicle Manufacturer Tax Credit	AGIT, INSUR, FIT	Certification by IEDC
New	Natural Gas-powered Vehicles Tax Credit	AGIT, INSUR, FIT	Schedule NGV-C; Schedule IN-OCC

*Additional restriction: Only one credit is allowed for the same project.

Type 1-C Credits for income and business activities of Indiana taxpayers

Identifier	Tax Liability Credits	Tax Offset	Required Enclosure
Unlimited (No dollar limit to the total amount of credits granted.)			
CCR 809	County Credit for the Elderly or Permanently Disabled (for individuals only)	CAGIT, COIT, CEDIT	Complete worksheet in IT-40/IT-40PNR Booklet
OOL 810	Credit for Local Taxes Paid Outside Indiana (for individuals only)	CAGIT, COIT	Complete worksheet in IT-40/IT-40PNR Booklet
OOS 811	Credit for Taxes Paid to Other States (for individuals only)	AGIT	Signed copy of return from other state
814	Enterprise Zone Loan Interest Credit	AGIT, INSUR, FIT	Schedule LIC; IN K-1 pass-through
837	Indiana College Choice 529 Savings Plan Credit (for individuals filing single or married couples filing a joint return)	AGIT	Proof of contribution to Indiana College Choice 529 Plan account
821	Indiana Comprehensive Health Insurance Association Credit (for insurance companies only)	INSUR, AGIT	Complete IT-20 Schedule H when claiming credit on Form IT-20
817	Indiana Insurance Guaranty Association Credit (for insurance companies only)	INSUR, AGIT	Complete Schedule H when claiming credit on Form IT-20
816	Nonresident Taxpayer Credit (for financial institutions only)	FIT	Schedule FIT-NRTC
ST	Use Tax Credit	SALES	Complete Sales/Use Tax Worksheet in tax instruction booklets or file Form ST-115

Limited (Approved credits are limited to the amount of grant money available.)

831	Residential Historic Rehabilitation Credit (for individuals only)	AGIT	Certification by Office of Community and Rural Affairs
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Refundable Credits**Type 2-D Credits for personal and business activities of Indiana taxpayers**

Identifier	Tax Liability Credits	Tax Offset	Required Enclosure
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Unlimited (No dollar limit to the total amount of credits granted.)

EIC	Earned Income Credit (for individuals only)	AGIT	Schedule IN-EIC
LAKE	Income Tax Credit for Property Taxes Paid on Homesteads in Lake County (for individuals only)	AGIT	Complete worksheet in IT-40/IT-40PNR Booklet
UTCE	Unified Tax Credit for the Elderly (for individuals only) [Restriction - Tax credit allowed only if claim is timely filed within six months from the end of the tax year or by the extended due date for filing the annual IT-40 return.]	AGIT	Follow instructions on IT-40/IT-40PNR return unless qualified to file claim on Form SC-40

Limited (Approved credits are limited to the amount of grant money available.)

EDGE	Economic Development for a Growing Economy - Job Retention Credit	AGIT, INSUR, FIT	Schedule IN-EDGE-R
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Type 2-E Credit for estimated and withholding taxes paid to Indiana

Identifier	Tax Liability Credits	Tax Offset	Required Enclosure
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Unlimited (Credit is allowed for the total amount of tax withheld or paid.)

EST	Credit for Estimated Tax Paid (Refundable if claimed within three years of the due date, including extensions.)	AGIT, FIT, URT	Follow instructions on annual income tax return to claim amount of estimated taxes paid for the taxable year
WTH	Credit for State and County Income Taxes Withheld (Refundable if claimed within three years of the due date, including extensions, except for withholding on wages which must be claimed within two years.)	AGIT	Form(s) W-2, W2-G, WH-18, 1099, and 1099R showing Indiana tax withheld (for more information, see Commissioner's Directive #13)

HOW TO CLAIM CREDIT

To claim credits, you must follow application or claim procedures specified by each tax credit program. Complete the appropriate forms and provide all required supporting documentation. See www.in.gov/dor/3650.htm for additional information issued by the Department of Revenue, or contact the agency administering the credit to verify eligibility requirements and filing instructions.

The following is a list of tax credits and contact information for the administering agency of each credit. For credits directly administered by other agencies, contact the state agency listed that administers the tax credit in cooperation with the Department of Revenue.

Administering Agency**Indiana Department of Revenue**

Taxpayer Services Division

100 N. Senate Ave.

Indianapolis IN 46204

(317) 232-2240

www.in.gov/dor

Indiana Economic Development Corporation

One North Capitol, Suite 700

Indianapolis, IN 46204

(317) 232-8800

www.in.gov/iedc

Indiana Educational Savings Authority

One North Capitol, Suite 444

Indianapolis, IN 46204

(317) 232-5259

www.in.gov/iesa

www.collegechoiceplan.com

Indiana Comprehensive Health Insurance Association

4550 Victory Lane

P.O. Box 33730

Indianapolis, IN 46203

(317) 614-2018

Indiana Life and Health Insurance

Guaranty Association

251 E. Ohio St.

Suite 1070

Indianapolis, IN 46204

www.inlifega.org/

Indiana Housing and Community Development Authority

Neighborhood Assistance Program

30 S. Meridian St., Suite 1000

Indianapolis, IN 46204

(317) 232-7777

(800) 872-0371 (outside Indianapolis)

Office of Community and Rural Affairs**Tax Credit**

- Charitable Contributions to Higher Education Institutions
- County Credit for the Elderly or Permanently Disabled
- Credit for Estimated Tax Paid
- Credit for Local Taxes Paid Outside Indiana
- Credit for Taxes Paid to Other States
- Credit for Taxes Withheld
- Earned Income Credit
- Indiana Research Expense Credit
- Income Tax Credit for Property Taxes Paid on Homesteads in Lake County
- Natural Gas Powered Vehicle Credit
- Nonresident Taxpayer Credit
- Unified Tax Credit for the Elderly
- Use Tax Credit
- Alternative Fuel Vehicle Manufacturer Credit
- Coal Gasification Technology Investment
- Community Revitalization Enhancement District Credit (CRED)
- Economic Development for a Growing Economy (Job Retention Credit)
- Enterprise Zone Employment Expense Credit
- Enterprise Zone Investment Cost Credit
- Enterprise Zone Loan Interest Credit (LIC)
- Headquarters Relocation Credit
- Hoosier Business Investment Credit
- Indiana Research Expense Credit (with regard to aerospace industry)
- Industrial Recovery Credit
- Venture Capital Investment Credit
- Indiana College Choice 529 Savings Plan Credit
- Indiana Comprehensive Health Insurance Association Credit
- Indiana Insurance Guaranty Association Credit
- Neighborhood Assistance Credit
- Historic Building Rehabilitation Credit

One North Capitol, Suite 600
Indianapolis, IN 46204
(317) 233-3762
www.in.gov/ocra

Twenty-First Century Scholars Donations

State Student Assistance Commission
150 W. Market St., Suite 500
Indianapolis, IN 46204
(317) 233-2100

- Residential Historic Rehabilitation Credit

- Twenty-First Century Scholars Program
Support Fund

Michael J. Alley
Commissioner

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